CHAPTER 34

SUPPLY CONTROL STUDIES

SECTION I - GENERAL

234101 - PURPOSE

The purpose of this chapter is to describe procedures for reflecting item characteristics, requirements, and asset data on standard formats in the detail essential for effective item management. It does not reflect the procedures to be utilized in the performance of effective item management.

234102 - REFERENCES

a. The following products are developed in order to accomplish the above purpose:

(1) Appendices B-139, B-140 and B-141, Recommended Buy/Repair/Batch Card outputs. These cards are mechanically prepared (appendix D-61) when the ROP/Review Level Quantity is breached for an item requiring IM review and approval.

(2) Appendix F-117, Uncontrolled Violation Listing.

(3) Appendix F-167, Standard Supply Control Study.

(4) Appendix F-168, Low Value Procurement Listing.

(5) Appendix F-251, Forecast SPR Record.

(6) Appendix F-282, Supply Control Study Volume Statistics.

(7) Appendix F-347, PGC Delivery Schedule Matrix.

(8) Appendix F-439, Special Phased Due-In Listing.

(9) Appendix F-463, PGC Delivery Schedule.

b. The above products will be used to review the item (family) status and evaluate the actions recommended by the computer as a result of the mechanical process. As a result of this review and evaluation, the IM will revise, if deemed appropriate, and either continue or cancel the actions recommended by the mechanical process. Procedures for reentry of Recommended Buy/Repair Cards and Batch Control Cards are contained in chapter 3 and related appendices. At DPSC-T, the PGC Delivery Schedule and PGC Delivery Schedule MATRIX are mechanically prepared in lieu of Recommended Buy/Repair Batch cards.

c. Appendix E-261 P, Procedures for Preparation of the Supply Control Worksheet (DLA Form 949, appendix C-117). To describe the procedural steps in preparation of a Supply Control Worksheet.

d. Appendix E-307 P, Procedures for Processing the Standard Supply Control Study. To describe the appendix A-156, Reason For Study Codes, reasons for preparation of Standard Supply Control Studies and the required IM actions.

e. Appendix F-274, Restricted Item Management Listing. To provide management with a listing of NSNs that have manually imposed restrictions, which lessen the MANAGEMENT BY EXCEPTION concept under SAMMS. This report may be scheduled on an "as required" basis by DSO in conjunction with ODS.

f. Appendix F-450 Special Supply Control File Printout. To provide the Office of Planning and Management, Office of Data Systems, and the Management Support Office of Supply Operations with a special edited printout of the Supply Control File Header and Trailer Records by use of an option code. There is a processing limit of 500 records per cycle. When Option Code 2 is used, the requester should coordinate with ODS to determine the SCF generation from which the information is to be gathered.

g. Appendix F-451, Supply Control File Analysis and Summary Report. To provide the Office of Planning and Management, the Office of Data Systems, and the Management Support Office of Supply Operations with a summary of management information and record counts from the current or prior generation of the SCF. There is a processing limit of 10 inputs per cycle. The requester must coordinate with ODS to determine the generation of the Supply Control File from which the information is to be gathered.

234103 - BACKGROUND

a. A review of all items will be mechanically performed and a SSCS generated when a condition occurs in the Materiel Management System, which must be brought to the attention of the IM, or upon the request of same. When a study is prepared, the appropriate Reason Code(s) are shown in the header portion of the printed study. A SSCS is prepared for all purchase/repair recommendations other than newly established Logistic Gain Items and except those items for which appendix F-168 is prepared IAW paragraph 234301. When a reorder point is reached for an item recently gained through Logistics Reassignment (Type LR Code of A, F, K, L, M, or N recorded in NIRF), the procurement recommendation(s) will be suppressed for 15 days from the Effective Transfer Date (ETD), or for 10 days from the ETD for items with Type LR Code D. When a ROP/Review Level has been reached for an item in a PGC other than 00000, a SSCS will be prepared for all the family numbers in the same PGC that will reach its ROP/Review Level within a Minimum Procurement Cycle time period. A summary SSCS for all items and total recommended buy/repair will also be prepared. When a summary SSCS is printed for items in the same PGC, only the applicable PGC will appear in the heading data. System Analysis Data (section II) will be provided, but Historical Data,

Depot Analysis, and Detailed Asset Data will not be provided on the Summary Sheet.

b. SSCSs (appendix F-167) will be produced for reasons shown in appendix A-156, and the amount of data printed falls into two categories, as follows:

(1) When assets have reached or fallen below the System ROP Quantity (or Reorder Review Level, Reason Code RP, appendix A-156), lines 20 through 25, and line 45, will not be completed, except for line 22, column G, which will reflect Balance - OWRMR, if applicable. Appropriate entries will be made in lines 13 through 26, columns M through P. Recommended procurement quantities for each Preferred Storage Location are rounded to multiples of the Unit Pack Quantity. Whenever the total recommended quantity is less than one-half of the Unit Pack Quantity, no buy quantity will be reflected on the RG/RP study. (SSPs and SN_ will be provided a minimum of one unit pack.)

(2) When SSCSs are produced for reasons other than described above, lines 55 through 63 will not be completed. Appropriate entries will be made in lines 13 through 26, columns M through P.

c. Because the ROP comparison quantity in the NIR does not include Condition Code B stock, which may be on hand, a false reach may occur. The SCF processes will determine the true asset position by applying Condition Code B stock as follows:

(1) DPSC-A and DISC: Up to one QFD of Condition Code B for preferred items (bachelor and family head) only.

(2) DCSC, DESC, and DGSC: All Condition Code B stock.

(3) DPSC-T: For Clothing and Textile items, the true asset position will contain Condition Code B assets equal to one (1) QFD plus 1/4 of the items Program Based Requirements for the next twelve months if the item is ICC P. If necessary, the SCF computation will automatically cancel the ROP reach generated in the NIR.

d. The Low Value Procurement Listing will be produced for items whose assets have reached or fallen below their System ROP/Review Level Quantity, and under conditions described in paragraph 234301, in format shown in appendix F-168, and depicted in appendices D-61 and D-190. However, the automatic procurement and generation of the Low Value Procurement Listing when applicable, will be suppressed for items gained through Logistic Reassignment (Type LR Code of A, F, K, L, M, or N recorded in NIRF) until after the End-of-Month (EOM) process following the Effective Transfer Date of the item(s).

e. Procurement and/or repair recommendations are mechanically established in the Recommended Buy Trailer Record of the SCF pending IM review and approval, except in cases where a Tentative Due-In Restriction Code has been assigned. Upon approval, these recommendations are established as tentative dues-in in the Due-In File. The conditions under which the products are established are described in chapter 3.

f. A Tentative Due-In Restriction Code may be manually assigned by an IM to prevent mechanical preparation of Recommended Buy/Repair Cards, and posting a Recommended Buy/Repair to the Suspense Record when an item reaches its ROP/Review Level. When the Tentative Due-In Restriction Code is present on an item, which reaches its ROP/Review Level, the date of last study will be checked to determine if a study with Reason Code RP has been produced within the last 15 days.

(1) If a study has_not been produced within the past 15 days, an SSCS with the Recommended Buy/Repair Quantity indicated, but without Buy/Repair Cards, and without posting the recommended buy to the Suspense Record, will be produced.

(2) If a study has been produced within the past 15 days, no further action will be taken.

g. Delivery Schedule - The first delivery of materiel will be scheduled for the first day of the Procurement Cycle Period. For High Value Replenishment Demands items, subsequent deliveries will be scheduled at intervals equal to the Operating Level time period. The exception will be items in a Procurement Grouping, which have not reached their ROP. Also monthly delivery percentages may be established for items recorded in a PGC via Management Policy Table 011 (appendix B-70). Rules for determining quantities and schedules are as follows:

(1) If the item is an NSO item, one delivery will be scheduled.

(2) If the item is a Low or Medium Value Replenishment Demand item, one delivery will be scheduled.

(3) If the item is a High Value Replenishment Demand item, the following applies:

(a) If the Operating Level is equal to the Procurement Cycle, there will be only one delivery.

(b) If the Operating Level is more than one-half the Procurement Cycle, there will be only one delivery.

(c) If the Operating Level is one-half or less than the Procurement Cycle, deliveries will be in increments which will be determined as follows:

1. Divide the Operating Level into the Procurement Cycle Time Period to determine the number of increments in the Delivery Schedule.

2. When the result of this computation reflects a remainder, this remainder will be added to the first delivery, e.g., Procurement Cycle = 7 mos., Operating Level = 3 mos. By dividing the Operating Level (3) into the Procurement Cycle (7), we obtain two increments plus a remainder of one. This example indicates there will be two deliveries. The first delivery will consist of all deficiencies to the ROP plus a quantity equal to one Operating Level, plus a quantity equal to one-third the Operating Level to cover the remainder of one in our

example. The second delivery will be equal to one Operating Level quantity.

(4) The Operating Level will never exceed the Procurement Cycle.

(5) When an F-167, SSCS, is generated with 22 or more print lines of due-in materiel for any item, the system will generate an F-439, Special Phased Due-In Listing to the ORC of record. The report will replace the usual overflow page for the SSCS for all items. Please refer to appendix F-439 for a detailed description of this report.

h. Additional considerations:

(1) Each PDD location quantity and dollar value must equal or exceed location Minimum Delivery Units and Value determined by Management Policy Table 032. Additionally, PRDA of PDD and percentage of system buy consigned to a PDD must equal or exceed Location Minimum Delivery PRDA and Percent System Buy Value established by table 032. Procurements will not be consigned to multiple PDDs unless quantity and dollar value equal or exceed System Buy Single Destination Units and Value in table 032.

(2) Each location quantity must be rounded to multiples of Unit Pack Quantity.

(3) Total System Buy must equal or exceed both the Minimum System Procurement Quantity and the Minimum System Procurement Dollar Value. The Minimum System Procurement Dollar Value is determined by Management Policy Table 018.

(4) Recommended Buy cannot exceed rotation capability quantity for shelf-life items. For such items, Procurement Cycle (months) will be mechanically reduced, as necessary, down to but not less than three months.

(5) When reparable assets and returns, either forecast or due-in, are applied, they are applied in the reverse order (last portion of the Procurement Cycle applied first). When these assets reduce a Procurement Cycle Quantity by 50 percent or more, a Special Reason Code will appear on line 26, columns M through P, of the SSCS.

(6) Forecasted Returns are applied, as necessary, to replenishment demand items, only. They are not applied to NSO items, ICC 2 or B.

(7) At DPSC-T, when an NSN has insufficient on-hand issuable assets and/or due-in materiel within the next 45 days to satisfy 60 days' demand oriented, program oriented item, and nonrecurring requirements, an F-167, SSCS, will be produced with Reason for Study Code PB. Additionally SSCSs will be output on sized items only when no AW, WS, PO, RP or RG was generated 30 days previously.

i. The Storage Mission Code (appendix A-159) will be the key for identifying a storage mission pattern in the DSCs Storage Mission Table. Each Storage Mission Table will contain all of the prime distribution activities (PDDs and SSPs) in a DSCs Distribution System, with each SMC representing a combination of distribution activities used for stockage. Every distribution activity must be identified to a preferred

distribution activity to provide policy for rollup of demands and assets.

(1) Storage patterns and SMCs will be developed by each DSC.

(a) Storage mission patterns will be established through submission of Management Policy Table (001) Card, DIC ZTA (appendix B-70).

(b) To identify storage mission patterns to NSNs, the Preferred Storage Location/PRDA Card, DIC ZSE, appendix B-119, will be used. When item PRDAs have been computed and the item has a system OWRMRP recorded for it, a War Distribution Factor (WDF) will be computed for the proper distribution of the item's OWRMRP. At DPSC-T (C&T), DLA policy restricts OWRMRP stock positioning of Navy user only Monetary Clothing Allowance (MCA) items and item's with Method of Computation Codes A, B, J or K from stockage at the following locations adjusting the stock positions thusly:

1. AQ5 (Tracy) to FGZ (Ogden HILL).

2. NNT (Norfolk) to NGT (Great Lakes).

3. NOT (Oakland) to NDT (San Diego).

Subsequently, the Location OWRMRP quantity equals the OWRMRP quantity times the WDF (adjusted): LOC OWRMRP Qty = OWRMRP Qty X WDF (adj).

(c) The SMC for new items entering the system will be obtained from Management Policy Table 020, and is restricted to two Preferred Storage Locations that are the same as those locations in the storage patterns in Management Policy Table 001.

(d) When establishing Storage Mission Patterns (Codes), care must be exercised that the requirements of the DLA distribution patterns in DLAM 4145.10, DLA Materiel Distribution System Manual, are followed. If a Storage Mission Pattern is selected that codes these locations as Prime (Code P) instead of Preferred (Code F), those items chosen for this pattern may have to record a Code R (or B) Manager Review Code, appendix A-70, in the NIR. Additionally, for DPSC-T to accommodate restrictions to OWRMRP stock positioning, there must be additional SMC patterns built which will assure no OWRMRP being positioned at Tracy and Navy user only MCA items will position all NNT Protectable at NGT and all NOT Protectable at NDT.

(e) Shelf-life items shall be stocked in a minimum number of preferred storage location patterns, and generally as close to the source of possible future demand as possible. Additionally, such SMC patterns should be selected to ensure ready access to depot repair/test facilities.

(f) Specific SMCs for individual items may also be established to satisfy peculiar prenegotiated requirement contract deliveries where one or more storage depots not in the normal storage pattern are involved. The items transportation thru-put costs from the manufacturers' plant to the DLA storage depot to the end user/shipping port should be the main consideration when determining the need of a specific SMC.

(g) Specific SMCs for nonbinnable type stocks (i.e., bulk storage items, covered or open storage) from a purchasing source may be used where a saving in first and second destination transportation costs can be realized within the scope of commodity mission assignments in DLAM 4145.10.

(h) SMCs AW through AZ contained in Storage Mission Policy Table 001 are used exclusively for Bulk Storage Medical Procurements. These codes will always generate a Location breach for U9M for initial procurement purposes for the total recommended buy quantity. The depot locations placed in the Source Preference Table as Location Status Code B - Bulk Storage, are contained in Storage Mission Policy Table 001 as Prime (P) locations whereby the demands are rolled up to the Preferred (F) U9M location. Upon award of contract, the assigned quantity to a prime location (S2_) remains as a due-in rolled up against the U9M location. When applicable, a diversion must be prepared to effect transfer of materiel from location S2_ (contractors plant) to a depot in the DLA Distribution System IAW appendix E-506 P.

(2) The SMC will identify the storage pattern for specific items of supply. The first position will indicate P or F for prime or preferred storage location. The second position will contain E, W, S, or blank. The storage mission pattern will indicate the Preferred Storage Locations at which stocks from procurement/repair are to be positioned. The pattern will include all prime distribution activities in a DSC's Distribution System. The activities at which stocks will be positioned are referred to as Preferred Storage Locations. For DPSC-T (Clothing and Textiles), to accommodate restrictions for stock positioning of OWRMRP, the MPT 001 monitor must, for SMC AA, assure a W in pos. 2 of location FGZ which must directly precede AQ5 to preclude any OWRMRP stock being positioned at Tracy. Also, a pattern must be developed for C&T Navy user only MCA, Monetary Clothing Allowance (Bag Items) items to create OWRMRP positioned at NGT in lieu of NNT, at NDT in lieu of NOT, and additionally for AQ5 positioning at FGZ. (For instance, create SMC pattern WN where NDT and FGZ have W in pos. 2 of the pattern and directly precede NOT and AQ5, pos. 2 blank; where NGT has an E in pos. 2 and precedes NNT in the SMC pattern.) It is the IM's responsibility to assign the appropriate SMC WN for the MCA items having Method of Computation Codes A, B, J, or K.

j. Items Subject to Deterioration - If item is subject to deterioration (shelf-life other than 0), the application of SOH is limited to those assets which can be issued within the rotation period, as defined in chapter 11. Remaining assets, if any, are identified as assets subject to deterioration, and are reflected on the SSCS on line 25, column E. Shelf-Life considerations will override Minimum System Buy Dollar Value and Minimum System Procurement Quantities. For all items at DPSC-T, the asset position used to compare against all quantitative levels will include Condition Code B assets equal to one QFD plus one-fourth of the next twelve months' Program Oriented Item requirements in the Supply Control File.

k. Items Scheduled for Deletion - New procurements will not be mechanically recommended nor studies prepared for items which are scheduled for deletion. These items are identified by Type of Change Code DD, DL, DM, DP, DQ, or DW in the Catalog Change Code block on the SSCS. (Refer to appendix A-94.) These codes are entered in the SCF, and SSCS by a ZRY Catalog Notification Document.

l. Due-In Review Code - A code which will be posted to the Due-In File to reflect computer recommended actions. The code will indicate the type of action, activity, and applicable PR or Contract. During the mechanical review, if it is determined that diversion, reduction, or expediting action is required, the computer will check the Due-In File to determine if this will be a new recommendation, or if the IM has previously been advised. If the IM has previously been advised, no further action will be taken by the computer. However, if this is a new action, the Due-In File will be annotated and a SSCS prepared with Reason Code DI or PO, as appropriate. Once established, the Due- In Review Code will remain in the file until the contract is completed, or a Contract/PR Modification Document (YPE) is received indicating the successful completion of the recommended action. In essence, this code serves to prevent repetitive recommendations when prior action is still pending, or when the recommended action is impractical or impossible.

m. Appendices F-123, Top Value Items - Demands Assets and Backorders, and F-279, Top Value Items - NSN Sequence. These quarterly listings rank the outstanding replenishment demand, ICC 1 or P, items by the top 1000 dollar value forecasted demand, assets on-hand, due-in contract, and the top 100 dollar value due-in PR, due-in other, and total backorders. In addition to the F-123 and F-279 listings, the appendix F-130, Major Changes in Demand Base, semiannual listing indicates any replenishment demand item experiencing an increased or decreased annual forecast valued at $1000.00 which changed by 25 percent or greater within a six month period. Included is a comparison of the previous and current stratification periods relative to increases or decreases to the items economic retention and potential excess dollar level. These listings will be received by IM IAW DSC management determinations.

n. Funding restrictions to the Safety Level, OWRMRP, and Procurement Cycle quantities input with a Management Policy Table 018 Card, DIC ZTA, appendix B-70 and explained in appendix E-070 P, will be reflected in the System and Depot Analysis Section of the Standard Supply Control Study, appendix F-167. The Header Data portion of the SSCS will reflect the Actual Procurement Cycle Period in Months, carried in the SCF.

o. Procurement recommendations for items coded as future logistic losses to a non-DLA activity should be reduced where appropriate to ensure that the ROP only is covered by assets on the ETD. Minimum Procurement Dollar Value criteria, however, will be applicable. Procedures in chapter 8, appendices E-071 P, and F-26, apply relative to the maximum months to use in Procurement Cycle Period Months field.

p. Stocked items selected as procurable under section 8(a) of the Small Business Act, will be identified in the Peculiar Management Code field of appendix F-167, IAW procedures in appendix E-307 P.

234104 - NUMERIC STOCKAGE OBJECTIVE (NSO) ITEMS

a. An NSO quantity is a quantity established as a stockage objective for items demanded, or expected to be demanded, too infrequently for stockage on a replenishment demand basis, but justified for stockage to attain greater Military effectiveness due to their essentiality and application, e.g., Weapon System Items, and so on.

b. Standard Supply Control Studies (appendix F-167) will be produced for reasons shown in appendix A-156. SSCSs produced for NSO (ICC 2 or B) may reflect demands sufficient to warrant management on a QFD or replenishment item basis (ICC 1 or P). This increase in demands for NSO items may occur prior to mechanical quarterly review programs established to reclassify item category codings. To accommodate these changes in demands, the computer is programmed to accept manual input to change ICC 2 or B to ICC 1 or P.

c. When a last user withdrawal action is processed on a stock type item as depicted in appendix D-150 the SCF will be updated automatically as follows:

(1) The Item Category Code (ICC) will be changed to 2.

(2) The Age of Item Code (AIC) will be changed to E.

(3) The QFD, QFD (New), NSO, Safety Level Quantity, Safety Level Months and AERQ will be changed to zeros.

(4) The Demand Value Code will be changed to L.

(5) All Inhibit Codes, Appendix A-114, will be changed to C.

(6) The Safety Level Code will be changed to F.

(7) The VIP Code will be changed to N.

SECTION II - PROCUREMENT GROUP CODE

234201 - GENERAL

The PGC Policy Table 011 provides management at the DSC level with the capability placing under one PGC the items (not to exceed 2997 items) which are advantageous to procure concurrently. Whenever a ROP Review Level is reached for one item, all other items in the PGC will be reviewed to determine if their ROP will be reached in the Minimum Procurement Cycle Months time period. The items must be Head of the Family items and in the same FSC, and should be related/similar items of supply that are normally procured from the same segment of industry.

a. DIC ZTA, appendix B-70, table 011, allows the capability of placing under one PGC a total not to exceed 2997 items which are advantageous to procure concurrently.

(1) PGC indicates the items that are to be procured simultaneously.

(2) Minimum Procurement Cycle Months represents the time period when the ROP of other items in the PGC should be reached.

(3) Up to twelve monthly delivery percentages (without exceeding the above minimum procurement cycle months) may be established to override normal delivery schedules.

(4) The Reason for Study Codes (appendices A-156 and E-307 P) RG and RS will be output on the appendix F-167, whenever an item will reach ROP within the Minimum PCP months shown in MPT 011 for that PGC. The Reason for Study Code RS is restricted for those items assigned a PGC of 05000 through 07999 and managed by S9M and those items assigned a PGC of 00001-04999 and 90000-94999 and managed by S9T.

b. Items recorded in a PGC must be entered into MPT 011 first before any other file maintenance is attempted. The system will then create a DIC ZR2, appendix B-149, internally, to update the SCF, NIR, and the Standard Pricing Master File in the Financial Subsystem. Therefore, in order to add, change, or delete any NSN within a PGC, the file maintenance action in MPT 011 must occur first.

c. The items recorded under the PGC, table 011, should be in general agreement with the items recorded with Procurement Commodity Codes (PCCs).

d. Whenever an item having a PGC has reached its ROP/Review Level , it takes one additional Requirements Daily computer cycle to review the remaining PGC items in Management Policy Table 011.

e. Assignment of PGC by each DSC will be IAW appendix A-116, PGCs.

f. The following listings are applicable to the PGC program:

(1) Appendix E-287 P, GFM Suspense File Inquiry by CRT Remote (Verb SRGF).

(2) Appendix F-116, Procurement Grouping Code Table 011.

(3) Appendix F-439, Special Phased Due-In Listing. This report is output when any F-167, SSCS, is generated for an item that has more than 22 print lines due in.

(4) Appendix F-447, Procurement Group Table Maintenance Table.

g. The appendix F-447 is a comparison of the recorded PGC in table 011 and the SCF for each NSN with a PGC assigned in either file. This listing is produced on an as required basis. For particulars see the appendix F-116 narrative.

h. The Government Furnished Materiel Suspense File (GFMSF) controls the release of recommended buys for PGC items. Recommended buys for PGC items will not be released to the Contracting Subsystem until all DIC ZSJ, Recommended Buy/Batch Control Transactions, and all DIC ZSG, GFM Requirement Control and Detail Transactions are accounted for. An inquiry to the GFMSF for a particular PGC and Recommended Buy Date to determine the status of an outstanding buy in the Requirements Subsystem may be obtained by using the SAMMSTEL Verb SRGF, appendix E-287 P.

i. The assignment of PGCs within DSO should be a coordinated effort between DSO and DTO to ensure that adequate technical data exists in the Procurement Technical Data File (PTDF). This will ensure that the recommended procurements generated for a PGC will not be delayed in the internal processing routine due to lack of adequate technical data. Accordingly, the assignment of NSNs to PGCs should be a concerted effort on the part of DSO personnel with personnel of DTO to ensure a unified recommended buy, technical validation and subsequent procurement of like items.

SECTION III - LOW VALUE PROCUREMENT LISTING

234301 - GENERAL

Each item for which a reorder point has been reached and a recommended buy is determined a Low Value Procurement Listing, appendix F-168 will be printed, providing none of the following conditions exist. However, for newly established items with a NIRF Logistics Gain Indicator Code of A, F, K, L, M, or N which have reached reorder point, the automatic generation of a buy and the appendix F-168 will be suppressed until after the EOM process following the ETD. The F-168 listing is generated whenever the recommended buy dollar value is less than the system dollar values in Management Policy Table 018. An NSO, Low or Medium Value Demand item, recommended buy could be automatically passed to the Procurement Subsystem and the result printed on the F-168 listing. If one or more of the below conditions exist, an SSCS, appendix F-167, will be output with the applicable appendices A-156 and E-307 P, Reason for Study Codes. Line 26 of the SSCS will indicate in column O the Low Procurement Review Reason Code (LPRC) corresponding to the situations below, and in appendix A-99. The LPRC is used for all items, and is not just restricted to Low Value Demand items.

(1) Assets exist in AG 5C (SOH - Recommended for Repair - Awaiting IM approval), AG 10 (Unserviceable D/I and SOH - Unscheduled), AG 31B (Approved Recommended Buy Awaiting Technical or Fund data), or AG 31C (D/I - Recommendation for Purchase Awaiting IM Review). (When previously furnished recommended buy/repair transactions have been received by the IM, no additional transactions will accompany the SSCS.) LPRC 1 applies.

(2) The procurement cycle requirement is reduced by 50 percent or more due to application of forecasted returns and/or AG 22 (D/I - Returns and Transfers), excluding Type Due-In Codes TD_/TP_ identified in AG 11 for items with Logistics Reassignment (LR). LPRC 2 applies.

(3) Item is subject to deterioration, (i.e., Shelf-Life months other than 000). LPRC 3 applies.

(4) TDIRC exists. LPRC 4 applies.

(5) SSCS Code Low Value is a Y (Yes). This code actually applies to all stocked items where the IM requires a manual review of recommended buys. It is not just restricted to Low Value of Demand items. LPRC 5 applies.

(6) PGC is recorded (for DPSC-Medical only consider PGCs other than 40001-69999). LPRC 6 applies.

(7) SPR or other additive (nonrecurring) requirements with required dates falling within the procurement objective, is equal to or greater than one-half the recurring requirements for the same time period. LPRC 7 applies.

(8) Minimum Procurement Quantity is applicable or buy has been increased to a Minimum System Dollar Buy Value (Table 018, appendix F-261). Items referred to IMs for this reason should be reviewed for possible destockage (changing to a Future SSC 2 or SSC 3). LPRC 8 applies.

(9) Item has a OWRMRP. LPRC 9 applies.

(10) Date of Last Disposal Action was within 60 days of the Study Number (Date). LPRC 10 applies.

(11) Whenever the total system recommended buy exceeds the dollar values in Management Policy Table 018, appendix F-261, for the following categories: LPRC 11 applies.

(a) ICC 1 or P, High, Medium, or Low Value Demand coded replenishment items are greater than the Automatic Replenishment Dollar Value, equal to ten times the figure in pos. 39-41 in table 018.

(b) ICC 2 or B, NSO coded items are greater than the Automatic NSO Dollar Value in Table 018.

(12) Whenever another Reason for Study Code (appendix A-156) is generated in the same cycle that a recommended buy is generated. LPRC 12 applies.

(13) When the NSO quantity field has all zeros for an ICC 2 or B item, or when a Replenishment Demand item has all zeros in the QFD/New (AIC N), or QFD/System (AIC E) fields, an SSCS with Reason for Study Codes RP/MF prints for IM use. The applicable fields on the SSCS will contain asterisks. LPRC 13 applies.

(14) Any buy item not having a demand within the past 100 days (one quarter plus nine days). LPRC 14 applies.

(15) AG 28 includes Condition-Code L on-hand assets. LPRC 15 applies.

(16) Item is designated a Future SSC of 2, 3, or 9. LPRC 16 applies.

(17) When the item has forecasted returns and/or Asset Group 22 (DI-Returns and Transfers), excluding Type Due-In Code TD_/TP_ identified in Asset Group 11 but for computational purposes applied as AGs 28 and 31 for items with Logistics Reassignment (LR).

(18) Initial provisioning recommended buys will be output on appendix F-167 with Reason Codes NN/RP, unless the dollar value of a buy is less than the Automatic Provisioning Buy Dollar Value. This value is equal to ten times the figure in pos. 33-35 of Table 018, which will be prescribed by HQ DLA (DLA-OS). Initial provisioning buys less than this value will be output on appendix F-168 and will be accompanied by appendix F-106.

SECTION IV - MATERIEL CONTROL VALUE ENGINEERING PROGRAM

234401 - DEFINITIONS

a. Value Engineering (VE) is an organized effort directed at analyzing the functions of systems, equipment, supplies and services for the purpose of achieving the required function at the lowest overall cost consistent with requirements for performance, reliability and maintainability.

b. Value Engineering Change Proposal (VECP) is a formal cost reduction proposal submitted by a contractor to the Government and setting forth an engineering change to the applicable portion of contractual documents. Normally, a VECP takes the form of an Engineering Change Proposal (ECP). However, any cost reduction proposal submitted under provisions of a VE Contract clause, whether or not a formal ECP is involved, is also considered a VECP.

c. VE Program Manager is the title used to identify the individual assigned responsibility for the DSC VE Program.

d. Value Analyst is any individual in any DSC element who performs a VE Study.

e. VE Project is an item study established for the purpose of applying VE principles towards cost reduction.

f. Instant Contract is the contract under which a VECP is accepted by the Government.

g. Royalty is the contractor's share of savings, resulting from an approved VECP, to be paid for a specified period of time on purchases of items utilizing the VE Change pursuant to specifications.

h. Collateral Savings is savings generated by adoption of a VECP causing a materiel, dimensional and/or configuration change in a product which may or may not reduce the cost of the product but will reduce the cost of management of the item after Government ownership, i.e., less storage costs, less transportation costs, less maintenance, or other logistical management costs.

234402 - BACKGROUND

a. An effective VE Program requires accurate and positive identification of items having VE potential by establishing in-house and contractual programs, projects, and tasks to locate and identify items, materiels, and components whose functions are not commensurate with their cost.

b. Since VE is a DSC-wide program, it becomes everybody's job. All personnel will be constantly alert to savings potential and to refer to and consult with the VE Program Manager or staff on questions regarding such potentials. An individual need not be a specialist in the field of VE to recognize areas of potential savings.

c. This program emphasizes consideration of anything that contributes to the cost of an item, and elimination or modification of which results in cost savings.

234403 - RESPONSIBILITIES

a. DSO is responsible as follows:

(1) Apply VE principles and concepts within the Directorate.

(2) Encourage maximum participation of employees at all levels in contributing to VE cost reduction efforts and program effectiveness.

b. IMs and other personnel are responsible as follows:

(1) Assemble all available data concerning a VE proposal to substantiate the recommendation.

(2) Completely document all relevant technical, manufacturing, cost and user data, and other source data, together with specific recommendations which clearly set forth a proposed change to an established technical requirement in accordance with chapters 27 and 31.

(3) Prepare DLA Form 111 (IOM) and forward proposal to the VE Branch.

(4) Assist the VE Program Manager and staff, as required, to further develop the proposal.

(5) Provide available technical, management and other source data as required for VE projects upon request.